

## **Answers to Frequently Asked Questions about UTOPIA and UIA**

### **What is UTOPIA? And why is our city involved?**

UTOPIA stands for the Utah Telecommunication Open Infrastructure Agency, a group of 16 Utah cities that joined together in 2002 to build a fully fiber-optic network. 11 of these cities agreed to finance (through bonds) the network's construction – which connects fiber directly to homes and businesses within their communities.

The UTOPIA cities view adequate connectivity, and the seamless ability to expand connectivity as needed, as essential infrastructure. When these 16 Utah cities were unable to get needed speeds and services for their residents from incumbent providers, they decided to build a network that could meet current and future demand. Private-sector service providers use the cities' network infrastructure to offer Internet, voice, video and other services.

### **What is the UIA and how is it different from UTOPIA?**

UIA (The Utah Infrastructure Agency) is a separate entity that our cities have formed to grow the UTOPIA network and provide more oversight on the growth of our community-owned fiber optic network in our cities. It also makes it easier for other cities that are interested in having this kind of network to join down the road.

### **What is the importance of a fiber-optic network?**

Fiber optic technology uses tiny glass strands to transmit data and information in the form of light. The speed of light is 186,000 miles per second, which allows the information to travel incredibly fast and, because light isn't subject to the same interferences as current copper and wire technology, more accurately and reliably. Additionally, fiber-optics have a much higher maximum capacity than other available technologies; in fact, scientists haven't even begun to tap the complete capacity of fiber-optic technology. Other networks, such as the telephone company and the cable company, rely – at least in part – on copper wire technology, which limits their ability to provide needed services.

### **What is the significance of a dedicated service?**

UTOPIA connects each home and business with its own dedicated fiber-optic strand. Unlike other networks, that split total capacity among neighbors, your UTOPIA connection isn't shared with anyone else. That means you can always access your service's full bandwidth, even when all the neighborhood kids are on their computers after school.

### **Will this technology become outdated?**

Fiber-optic networks will not be outdated until scientists discover something that moves faster than light. We haven't begun to approach the total capacity of a single strand of fiber, which can be increased simply by changing electronics on either end of the fiber. So, some of the

equipment that controls the movement of information over the network will become obsolete and need to be updated, just as your personal computer needs to be upgraded from time to time, but the bulk of the network infrastructure is “future proof.”

### **What about wireless?**

Wireless is a useful and complementary technology, but will never replace the need for fiber and higher capacity. Wireless is a great technology for a small amount of users in a limited area, but wireless signals are always translated to a fiber network before connecting to the Internet.. The best analogy we've heard is to compare wireless to an extension cord -- wireless gets you capacity in places you can't bring a wire, but just like you wouldn't want to power your whole house with an extension cord, most people believe the need for fiber capacity will only increase over time, even as wireless becomes more reliable and useful. Additionally, wireless is an inherently shared technology, which means as more people use it, the speeds slow down, traffic is congested, and sometimes people get kicked off entirely. As Internet technology and applications become more bandwidth intensive, people will find wireless inadequate for all uses.

### **What services does UTOPIA provide?**

UTOPIA doesn't provide any services itself, instead opting for an “open access model.” UTOPIA simply builds and maintains the infrastructure and allows private-sector service providers to use it. This means that customers on the UTOPIA network have a choice among multiple service providers competing for their business. Today, UTOPIA has more than a dozen service providers who offer no less than 10Mbps symmetrical connections and can offer as much bandwidth as you need. UTOPIA's service providers offer Internet, voice, video and other services.

### **Can I get Qwest or Comcast services on your network? Why?**

No. The incumbent network builders are not currently providers on the UTOPIA network. They have both been offered the chance to use the UTOPIA network but, so far, have declined.

### **When will the UTOPIA network be available to me?**

The cities of UTOPIA are planning on launching another major growth initiative within the year, and will build in each UTOPIA city over the next several years. In part, they will begin construction in areas where there is the greatest number of customers ready to sign up for the service. It is anticipated that there will be an opportunity for new customers to express interest and sign up over the next year and construction will begin in a similar timeframe.

### **I've heard there's a connection fee. Will I have to pay?**

Every telecommunications network will charge you for your connection to their network; although sometimes you'll have a small connection fee upfront, the bulk of your connection

costs are hidden in your monthly service bill. However, long after you've finished paying for your connection, the networks will continue to charge the same monthly fee. On the UTOPIA network, your connection fee is separated onto another bill that you pay off over time. However, unlike other networks, once that's paid off, you own the connection and you're only left with the low monthly cost of your services.

Customers that want to reduce their monthly bill can pay the entire connection fee upfront (the final cost of the connection fee will be slightly different in each city). Customers that want to pay it over time can sign a contract with the city, which is attached to your property as a notice of interest. This lets new buyers know that you have a fiber-optic connection, in case you decide to sell. In general, customers find that their total monthly bill – including both their monthly services and their connection fee – is about the same or less than they're paying now, often at a much higher speed.

### **Are the cities paying for the network?**

The 11 pledging cities that agreed to guarantee the bonds that paid for the initial construction will have to pay for those bonds until the network is profitable and able to make the payments through revenues. To date, the 11 cities have issued \$185M in bonds. The amount each city owes will be reduced as new customers are added to the network. It is anticipated that, after the next round of construction, the amount owed will be reduced by 25%. Further reductions will occur as additional construction occurs.

### **I heard the cities are seeking new funding. How will any new funding be used?**

In the past, the cities would build the network and they'd rely on the private service providers to sign-up customers. This was a challenge because customers were not informed about what UTOPIA was and about all the choice available on the network. Today, customers are first educated about the UTOPIA network and benefits, and then once customers have opted in to a UTOPIA connection, the network is constructed and the service providers market their services. This new approach also allows the cities to use funds to build the network only when they know there is sufficient customer demand. The new funds the cities are seeking will be released in increments as different cities demonstrate demand.

### **I've heard some groups call this new financing a "bail out." Is it?**

No. The cities involved in UTOPIA always knew that it would take more capital to grow the network. This round of financing will fund a new phase of growth in participating cities.

### **Why should the cities take on this additional debt?**

Our city is already committed to the UTOPIA network for nearly 30 years; we believe that the ability to access today's best telecommunications is critical to our communities' future. The UTOPIA network needs more funding to continue to grow and bring the network to operational

breakeven – it's much like a dairy farmer who has already invested in the land, the barn, the equipment and the staff, but needs a few more cows to break even. By taking out a small loan for more cows, he's able to leverage all his previous work and make his venture successful. UTOPIA is in the same position; we're primed to grow. This new investment will take UTOPIA through new phases of growth to our citizens that want it. And, the good news is, this investment is risk free. We're approving a certain amount of new money for growth, but we'll only take out bonds if we've proven there are enough customers to justify the cost.

### **What is different today from the way UTOPIA was originally constructed?**

UTOPIA's new model takes the traditional elements of a telecommunications bill and splits them out more transparently. You'll receive one bill from your service provider and one bill from the city. With the incumbent providers, you'll occasionally have a small connection fee upfront, but the bulk of your connection costs are hidden in your monthly service bill. However, these networks will continue to charge you that total fee, even when your portion of the network is paid off. On the UTOPIA network, your connection fee is separated onto another bill that you pay off over time. However, unlike other networks, once that's paid off, you own the connection and you're only left with the low monthly cost of your services. In the past, UTOPIA's model didn't cover the expense for the connections, which meant that every customer connected to the network costs them more than they could recover. This new model solves that issue without a difference in price to subscribers. Subscribers on UTOPIA can connect for the same, or often less, than they're currently paying and get a higher quality service.

### **Doesn't UTOPIA already owe \$500 million?**

Not exactly. The cities have not bonded for \$500 million; to date, UTOPIA has taken out bonds totaling \$185 million. These bonds have covered construction and network maintenance and improvements. Bonds function like financing for any other long-term investment – like a mortgage, for instance. As you pay it off over time, part of your payment every month goes to interest, which means that UTOPIA will pay back more than \$185 million over time, just like a homeowner pays more than the listing price on their home.

### **Will I have to have a lien on my house?**

No. When you sign up for UTOPIA, you'll have two options: 1) to sign a contract just between you and the city or 2) to sign a contract that ties the connection to your property, instead of just being tied to you, through a notice of interest. A notice of interest is not a lien, but does allow a realtor, for instance, to see that you have UTOPIA in your home and use that as an additional selling point when you sell your property.